



Federal Communications Commission  
Enforcement Bureau  
445 12th Street, SW  
Washington, DC 20554

August 18, 2006

**VIA UNITED STATES MAIL,**  
**FACSIMILE (202) 457-3072**  
**AND ELECTRONIC MAIL**

Ms. Michelle Thomas  
Executive Director-Federal Regulatory  
AT&T Services, Inc.  
1401 I Street N.W., Suite 1100  
Washington, D.C. 20005

*Re: Application of Ameritech Corp., Transferor, and SBC Communications, Inc., Transferee, For Consent to Transfer of Control of Corporations Holding Commission Licenses and Lines Pursuant to Section 214 and 310(d) of the Communications Act and Parts 5, 22, 24, 25, 63, 90, 95, and 101 of the Commission's Rules, CC Docket No. 98-141, Memorandum Opinion and Order, 14 FCC Rcd 14712 (1999), Post Merger Audit Requirements.*

Dear Ms. Thomas:

This letter grants AT&T Services, Inc.'s ("AT&T") request for an extension of time to submit the 2006 independent auditor's report regarding AT&T's compliance with the SBC/Ameritech Merger Conditions ("Merger Conditions" or "Conditions") during calendar year 2005.<sup>1</sup> AT&T requests that the Commission extend the submission deadline from September 1, 2006 to November 15, 2006.<sup>2</sup> AT&T states that granting this request will enable AT&T to include within the scope of the independent auditor's report the assessment of AT&T's compliance with the remaining merger condition through its sunset on October 15, 2006. As discussed below, we grant AT&T's request.

As required by the *Merger Order*, AT&T must retain an independent auditor on an annual basis to audit the company's compliance with the merger conditions in operation during the prior calendar

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<sup>1</sup> *Applications of Ameritech Corp., Transferor, and SBC Communications, Inc., Transferee, For Consent to Transfer of Control of Corporations Holding Commission Licenses and Lines Pursuant to Section 214 and 310(d) of the Communications Act and Parts 5, 22, 24, 25, 63, 90, 95, and 101 of the Commission's Rules, CC Docket No. 98-141, Memorandum Opinion and Order, 14 FCC Rcd 14712 (1999) ("Merger Order"), vacated in part sub nom., Ass'n of Communications Entrs. v. FCC, 235 F.3d 662 (D.C. Cir. 2001); id., 17 FCC Rcd at 14 FCC Rcd at 14964-15039, Appendix C. See also Delegation of Additional Authority to the Enforcement Bureau, 17 FCC Rcd 4795 (2002) (delegating authority to the Enforcement Bureau to carry out merger-related audit and compliance tasks). SBC Communications Inc. adopted AT&T Inc. as the company's new name following the close of the SBC/AT&T Merger on November 18, 2005. See id. We will therefore refer to SBC Communications Inc. as AT&T in this letter.*

<sup>2</sup> See Letter from Michelle Thomas, Executive Director – Federal Regulatory, AT&T Inc., to Kris Monteith, Chief, Enforcement Bureau, Federal Communications Commission (filed June. 26, 2006) ("*SBC Audit Extension Request*").

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year.<sup>3</sup> The independent auditor must conduct the audit with the oversight of the Enforcement Bureau's Audit staff and submit the Audit Report to the Commission no later than September 1 of each year.<sup>4</sup> AT&T requests that the Bureau exercise its delegated authority to extend deadlines imposed by the merger conditions by providing an additional period of time within which AT&T must submit the independent audit report.<sup>5</sup> AT&T states an extension will permit it to combine in one report an assessment of the company's compliance with the operating conditions in 2005 and its compliance with the sole remaining condition in operation in 2006.<sup>6</sup> AT&T would otherwise be required to engage an independent auditor to conduct another audit and file another report in 2007 assessing its compliance with one condition for only approximately six weeks.<sup>7</sup> AT&T also states that granting this request will reduce the company's audit costs, as well as conserve Commission resources, by reducing the number of reports that the Commission must review. In addition, AT&T contends that no party will be adversely affected by the short delay in filing the 2006 Audit Report.<sup>8</sup> In fact, no party filed comments in the docket of the merger proceeding objecting to or expressing concerns about AT&T's request.

We find that AT&T has shown good cause to modify the submission deadline in this case. Extending the submission deadline for the report, thereby allowing AT&T to make one submission combining the 2006 and 2007 reports, will conserve both AT&T and Commission resources involved in the preparation and review, respectively, of the audit reports. The short delay in the submission of the 2006 report, from September 1 to November 15, should not materially affect the Commission's or the public's review of the report. Moreover, AT&T has committed to submit the 2007 independent audit report nearly ten months earlier than required by the Merger Conditions, allowing for much quicker review of the independent auditor's assessment of its compliance than in past years. Finally, we note that AT&T is still obligated to submit, no later than March 15, 2007, an annual report detailing its compliance with the Merger Conditions during 2006.<sup>9</sup>

Accordingly, for the reasons discussed above, we grant AT&T's request and extend the date by which it must submit its 2006 audit report from September 1 to November 15, 2006.

Sincerely yours,



Kris Anne Monteith  
Chief, Enforcement Bureau

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<sup>3</sup> See *Merger Conditions*, 14 FCC Rcd at 15034-35, ¶ 66. The Audit Report due September 1, 2006 will assess AT&T's compliance with the four conditions in operation in 2005.

<sup>4</sup> See *id.*

<sup>5</sup> The Chief of the Enforcement Bureau may in her discretion, upon a request and showing of good cause by AT&T, grant extensions of deadlines established by the Merger Conditions. See *Merger Conditions*, 14 FCC Rcd at 15038, ¶ 72; *Delegation of Additional Authority to the Enforcement Bureau*, Order, 17 FCC Rcd 4795 (2003).

<sup>6</sup> *AT&T Request* at 1-2.

<sup>7</sup> All merger conditions except Condition XIV expired after 2005. Condition XIV will expire October 15, 2006.

<sup>8</sup> *AT&T Request* at 1-2.

<sup>9</sup> *Merger Conditions*, 14 FCC Rcd at 15033.